

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 055422
ORIGIN COME-00

INFO OCT-01 EA-10 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15 STR-07
ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-11 USIE-00
NSCE-00 INRE-00 /104 R

DRAFTED BY COM/BIEPR/OTP/TNAD/KKUWABARA
APPROVED BY EB/OCA/CD:REDAY
COM/BIEPR/OTP/TNAD/DSCHLECHTY
COM/BIEPR/OTP/TNAD/MPRUIETT
COM/BIEPR/OTP/IND/DBUSINGER
STR/MPOMERANZ
STATE/EA/J/HCOCHRAN
STATE/OTP/STA/JSPIRO
TREASURY/EBARBER
LABOR/RSCHULMAN
AGRIC/JBENSON (SUBS)
US-JAPAN TFC/RQUAN (INFO)

-----110636 040136Z /65

O R 032218Z MAR 78
FM SECSTATE WASHDC
TO AMEMBASSY TOKYO IMMEDIATE
INFO USMISSION GENEVA

LIMITED OFFICIAL USE STATE 055422

USMTN FOR MTN GENEVA

E.O. 11652: N/A

TAGS: ETRD, JA, MTN

SUBJECT: JAPANESE CABINET DECISION ON GOVERNMENT
PROCUREMENT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 055422

REF: A. GENEVA 2295, B. TOKYO 3256

1. WE WELCOME JAPANESE OFFER TO "IMPROVE" ON ITS EXISTING
PROCUREMENT PRACTICES TO ENHANCE CONTRACT OPPORTUNITIES
FOR FOREIGN SUPPLIERS. THIS POSITIVE GESTURE IS REFLECTED
IN THE JANUARY 13 JAPANESE CABINET DECISION ON GOVERNMENT

PROCUREMENT, TEXT OF WHICH JAPANESE GAVE TO US IN GENEVA (REFTEL A). TRANSLATION OF SAME CABINET DECISION RECEIVED LATER IN REFTEL B. WE NONETHELESS HAVE SERIOUS DOUBTS PROPOSED STEPS ARE ADEQUATE TO OVERCOME HISTORICAL RESTRICTIVENESS OF JAPANESE SYSTEM. THIS VIEW IS REINFORCED BY JAPANESE MTN DEL STATEMENT THAT CABINET DECISION IMPLIES NO-CHANGE IN JAPANESE LAWS OR REGULATYONS. WE ARE RESERVING FINAL JUDGMENT ON GOJ RESPONSE TO OUR CONCERNS IN THIS AREA, HOWEVER, UNTIL WE ARE BETTER ABLE TO EVALUATE SPECIFIC MEASURES ADOPTED TO IMPLEMENT CABINET DECISION AND WOULD APPRECIATE EMBASSY REPORTS ON MINISTERIAL ORDERS AND NOTIFICATIONS IMPLEMENTING THE CABINET DECISION.

2. IN MEANTIME, WE BELIEVE IT IS ESSENTIAL TO OBSERVE CLOSELY SPECIFIC CHANGES MADE IN GOJ PURCHASING PRACTICES IN WAKE OF CABINET DECISION. WE SHOULD ALSO MAINTAIN TIMELY CONTACT WITH JAPANESE OFFICIALS TO POINT OUT DISCRIMINATORY OR RESTRICTIVE FEATURES OF GOJ PROCUREMENT SYSTEM AND SUGGEST SPECIFIC MEASURES FOR IMPLEMENTATION OF CABINET ORDER.

3. EMBASSY REQUESTED TO CONVEY TO JAPANESE OFFICIALS THE U.S. REACTION TO GOJ CABINET DECISION, INCLUDING POINT WE ARE PLEASED WITH DECISION TAKEN BUT ARE INTERESTED AS TO SPECIFIC MEASURES WHICH WILL BE TAKEN FOR IMPLEMENTATION. LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 055422

EMBASSY SHOULD ALSO RELAY TO GOJ THE FOLLOWING OBSERVATIONS AND SUGGESTIONS FOR CHANGES IN JAPANESE PROCUREMENT PRACTICES, WHICH IN SOME CASES GIVE CONCRETE FORM TO CERTAIN LINES OF ACTION PROPOSED IN THE CABINET DECISION ITSELF.

A. WE WOULD STRONGLY ENCOURAGE GOJ TO ISSUE TIMELY NOTICES IN AN OFFICIAL GOJ PUBLICATION OF PROJECTED PURCHASES OF GOODS, PROVIDING ESSENTIAL DETAILS ON SUCH TRANSACTIONS AND GIVING NAME AND ADDRESS OF CONTACT POINT FOR SUPPLIERS WHO ARE INTERESTED IN FOLLOWING UP ON PROCUREMENT OPPORTUNITIES. IF SOME DELAY LIKELY IN INITIATION OF ADVANCE PUBLICITY PROCEDURE DESCRIBED, INTERIM ARRANGEMENT TO PUT SUCH INFORMATION IN HANDS OF POTENTIAL FOREIGN SUPPLIERS ON REGULAR BASIS AND FAR IN ADVANCE OF CLOSING DATE FOR BIDS IS DESIRABLE, ESPECIALLY FOR ITEMS OF SIGNIFICANT TRADE VALUE.

B. GOJ'S INTENTION TO ALLOW INCREASE IN FOREIGN COMPETITIVE BIDDING IS MOST WELCOME. WE WOULD APPRECIATE FURTHER DETAILS SOONEST FROM GOJ ON METHOD AND SCOPE OF SUCH ACTIONS.

C. WE SEEK GOJ ASSURANCE FOLLOWING CONDITIONS WILL BE OBSERVED IN PROVIDING OPPORTUNITIES FOR INCREASED FOREIGN COMPETITION IN BIDDING: EXPEDITIOUS AND FAIR HANDLING OF REQUESTS FOR INCLUSION ON BIDDERS' LISTS WHERE SUCH LISTS ARE USED; SELECTION OF QUALIFIED FOREIGN SUPPLIERS AMONG THOSE INVITED TO BID; AND OTHER REQUIREMENTS IN THE BIDDING PROCESS WOULD BE NO MORE ONEROUS ON FOREIGN SUPPLIERS THAN ON DOMESTIC SUPPLIERS.

D. WE ARE ALSO INTERESTED IN OBTAINING GOJ ASSURANCE EVALUATION OF ALL BIDS RECEIVED WILL BE BASED ON CRITERIA ANNOUNCED AT TIME BIDS SOLICITED AND ONLY ON SUCH BASIS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 055422

BEGIN FYI. WE SEEK PARTICULARLY TO ELIMINATE THE JAPANESE PRACTICE OF INSERTING WILLINGNESS TO LICENSE PRODUCTION OF AN ITEM IN JAPAN AS AN ADDED FACTOR IN DECIDING CONTRACT AWARDS. END FYI.

4. MEASURES WHICH THE GOJ ADOPTS TO LIBERALIZE GOVERNMENT PURCHASING FOR THE BENEFIT OF FOREIGN SUPPLIERS COULD LEAD NOWHERE IF PURCHASING ENTITIES, ESPECIALLY AT THE LEVEL OF THE CONTRACTING OFFICE, ARE UNAWARE OF OR CHOOSE TO RESIST IMPLEMENTATION OF THOSE MEASURES. WE WILL THUS WANT TO SEEK GOJ ASSURANCES THAT THE POLICY STEPS TAKEN ARE TRANSLATED INTO ACTION THROUGH APPROPRIATE MINISTERIAL ORDERS AND NOTIFICATIONS.

5. THE ADEQUACY OF THE GOJ RESPONSE TO OUR REPRESENTATIONS ON THE GOVERNMENT PURCHASING PROBLEM IN THE END WILL BE JUDGED BY RESULTS RATHER THAN BY ITS ANNOUNCED INTENTIONS. UNLESS U.S. AND OTHER FOREIGN SUPPLIERS CAN IN THE END GENERATE ADDITIONAL SALES IN THE JAPANESE PUBLIC SECTOR MARKET GOJ LIBERALIZATION STEPS WILL BE VIEWED AT BEST AS WINDOW-DRESSING. IF JAPANESE ACTION LEADS TO A SIGNIFICANT INCREASE IN THE AWARD OF CONTRACTS TO FOREIGN SUPPLIERS, HOWEVER, FOREIGN PRESSURES ON JAPAN IN THIS AREA COULD EASE. IN ADDITION, JAPAN COULD THEN TAKE CREDIT FOR GIVING A NUDGE TO THE SUCCESSFUL NEGOTIATION OF A GOVERNMENT PURCHASING CODE IN THE MTN BY ITS UNILATERAL ACTIONS TO BRING ITS PURCHASING PRACTICES MORE INTO LINE WITH CODE OBJECTIVES. CHRISTOPHER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, GOVERNMENT PROCUREMENT, PROCUREMENT
Control Number: n/a
Copy: SINGLE
Draft Date: 03 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE055422
Document Source: CORE
Document Unique ID: 00
Drafter: BIEPR/OTP/TNAD/KKUWABARA
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780098-0680
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197803107/aaaadniw.tel
Line Count: 165
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c35a7bb8-c288-dd11-92da-001cc4696bcc
Office: ORIGIN COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 GENEVA 2295, 78 TOKYO 3256
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3120174
Secure: OPEN
Status: NATIVE
Subject: JAPANESE CABINET DECISION ON GOVERNMENT PROCUREMENT LIMITED OFFICIAL USE
TAGS: ETRD, JA, MTN
To: TOKYO
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c35a7bb8-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014